

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION SERVICE
CORPORATION FILE

"COMPLETING OUR FIFTIETH YEAR"

Annual Report

1948

JEWEL TEA CO., INC., BARRINGTON, ILL.









This Annual Report of Jewel marks the completion of 50 years of service to the American homemaker. Because of this occasion a section of the report is devoted to a review of the last half century and the events that trace our progress.

We enter our second half century fully aware of our continuing responsibility to better serve the American homemaker.

JEWEL TEA CO., INC.

Jewel Park, Barrington, Ill.

Report for the Fifty-Two Weeks
Ended January 1, 1949

OUR OFFICERS AND DIRECTORS

Directors

Henry S. Bowers	A. V. Jannotta
G. L. Clements	F. J. Lunding
J. M. Friedlander	E. H. McDermott
W. A. Gerbosi	J. M. O'Connor
John M. Hancock	C. B. Thompson

Robert R. Updegraff

Officers

John M. Hancock	Chairman—Board of Directors
F. J. Lunding	President
J. M. Friedlander	Financial Vice President
G. L. Clements	Vice Pres. & General Manager—Stores
W. A. Gerbosi	Vice Pres. & General Manager—Routes
J. M. O'Connor	Vice President—Imports
H. W. Dotts	Vice Pres. & Sales Manager—Routes
C. A. Larson	Vice Pres. & Merchandise Manager—Routes
E. A. Miller	Vice Pres. & Merchandise Manager—Stores
M. S. Morse	Vice Pres. & Operating Manager—Stores
E. E. Hargrave	Secretary
H. G. Homuth	Treasurer
P. F. Seiger	Controller
R. D. Sturtevant	Assistant Secretary & General Counsel
R. W. Williamson	Assistant Secretary

PRESIDENT'S LETTER

February 8, 1949

To Our Stockholders and Employees:

Last month the company completed a half century of service to American homemakers. A portion of this report is devoted to historical background in commemoration of the company's Golden Anniversary.

This letter, however, is limited to a review of the 52 weeks ended January 1, 1949. Its purpose is to provide a brief description of results during 1948 and the company's financial position at the close of the year. Highlights of 1948 operations compared with 1947 and 1946 are shown in the table on the following page.

SALES

Total sales and revenues for the first time exceeded one hundred and fifty million dollars—\$153,565,748 as compared with the previous record of \$131,204,300 for the 53-week fiscal year 1947. This is a gain of \$22,361,448 or 17% over 1947 and \$64,641,081 or 73% over 1946. More than half of the gains for these two years came from increased quantities of goods purchased by customers. The balance is the result of higher retail prices.

OPERATING EXPENSES

Most items of expense were higher dollarwise than in 1947, due not only to higher costs of services and supplies but also to the greater volume of merchandise handled. The added volume of sales, however, made it possible to allocate a smaller portion of the customers' dollar to cover these expenses. Continued replacement of fully depreciated and outmoded equipment, coupled with expenditures for enlarged and added facilities, increased the year's depreciation charge to \$1,104,607 as compared to \$604,104 in 1947. This year's charge includes \$56,971 estimated obsolescence on service meat cases and scales and \$57,718 representing a one-sixth write-down of book value of postwar company-owned retail branch and store buildings.

Payments to or for the benefit of employees, our largest single item of expense, were larger in total dollars, reflecting increases in fixed salaries and wages, and in compensation measured by sales or profit

sharing. In relation to sales, however, payments for personal services were slightly less than in 1947 and substantially below 1946.

The year's highlights compared to 1947 and 1946 are given below:

	1948	1947	1946
Retail sales	\$152,990,515	\$130,477,490	\$88,237,518
Earnings:			
Before all taxes	\$ 10,212,770	\$ 8,340,720	\$ 6,745,640
After all taxes	4,013,355	3,381,040	2,839,784
Per share—preferred	53.64	45.08	61.73
Per share—common	6.66	5.58	4.72
Number of employees	5,715	5,381	4,666
Number of stockholders	6,618	6,346	6,279
Operating units:			
Home service routes	1,876	1,821	1,654
Retail food stores	154	149	150
Working capital:			
Net dollars	\$ 12,224,191	\$ 12,316,903	\$10,584,128
Ratio—current assets to current liabilities	2.2 to 1	2.5 to 1	2.5 to 1
Earnings reinvested in the business	\$ 1,968,516	\$ 1,437,780	\$ 1,104,333

EARNINGS - DIVIDENDS

Net earnings for the year totaled \$4,013,355 or \$6.66 per share of common stock. In 1947, earnings were \$3,381,040 or \$5.58 per share of common stock. Although higher dollarwise, net earnings for the current year were 2.6¢ per dollar of sales, the same as last year. Distribution of the average sales dollar during the past three years is shown on page seven of this report.

During the year, four regular dividends of 60¢ per share were paid to common stockholders. A year-end special dividend of 75¢ per share, marking our 50th Anniversary, was paid on January 3, 1949, making a total of \$3.15 per common share paid out of 1948 earnings.

TAXES

Direct taxes (excluding Social Security taxes) paid by your company totaled \$5,861,967 or \$10.46 per share of common stock. Of

each customer's dollar spent in Jewel Food Stores and on Jewel Home Service Routes in 1948, on the average 3.8¢ was paid to federal, state and local taxing bodies.

The status of claims for refunds of excess profits taxes is described on page thirteen of this report.

INVENTORIES

Sales volume during the past two years has increased 73%, but inventories at this year end were \$304,000 less than at the end of 1946. The ready availability of most lines of merchandise made it possible not only to reduce quantities in our distribution channels, but also to limit purchase commitments to current needs. In relation to sales, there were no important charges for inventory write-downs during the year.

FINANCIAL POSITION

Increased sales volume, additional customers' accounts receivable, and the need for substantial capital asset replacements and additions at high prices, continued to exert pressure on working capital funds. To cover these needs and to fortify our financial position, \$1,968,516 of earnings have been retained in the business. Ratio of current assets to current liabilities at the year end was 2.2 to 1, compared with 2.5 to 1 for the two previous year ends.

The company has no debts other than current obligations which arise and are paid in the normal course of business. It has had no bonded indebtedness since 1922, from which time its growth and expansion have been financed by reinvested earnings and sales of its own stock. The means used during the past ten years to avoid debt and dilution of the common stockholders' equity, together with a summary of operating progress during that time, are shown in the table on page fifteen.

MODERNIZATION

During the year, sixteen retail stores were modernized and enlarged as neighborhood circumstances warranted and sixteen new stores were opened. Nine of these new stores are relocations of outmoded units.

Completely self-service, prepackaged meat departments were installed in two retail stores—the first such markets in the Chicago area. Customer acceptance of this method of meat merchandising has been encouraging.

Forty-one per cent of the Home Service Route cars are now post-war man-high walk-in models. Some of these cars are pictured in the Anniversary Section of this report.

The company owns ten branch and store buildings. Four branch buildings and three store buildings now owned and occupied by the company have been constructed since the end of the war.

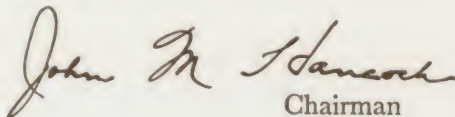
Enlargement of the company-owned Food Store Department Warehouse at 3617 South Ashland Ave., Chicago, Illinois, is now in process at an estimated cost of \$1,300,000, of which \$462,517 has been expended in 1948.

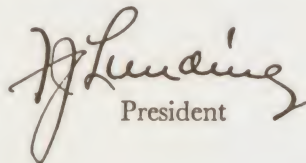
THE FUTURE

The down turn in food prices which started during the summer months of 1948, because of increasing supplies catching up with consumer demand, has resulted in considerable uncertainty as to the prospects for 1949. However, such a declining price trend is but one factor in an individual company's ability to continue to grow during a period of strengthening competition and other possible economic adjustments. More important factors are the initiative, the resourcefulness and the team spirit of the organization. With respect to these, the company was never better prepared to meet the future.

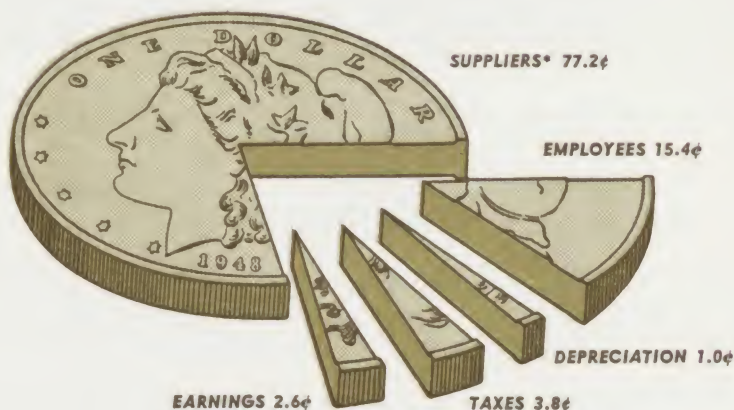
The year 1948 has been a successful one for your company, made possible by the interest and effort of Jewel employees and suppliers and the interest and cooperation of Jewel stockholders.

For the Board of Directors:


Chairman


President

Distribution of the Jewel 1948 Sales Dollar



Comparisons with 1947 and 1946

	1948	1947	1946
TOTAL SALES AND REVENUES (Millions of Dollars)	<u>\$154</u>	<u>\$131</u>	<u>\$ 89</u>
DISTRIBUTION (Per \$1 of Sales)			
Suppliers*, etc.	77.2¢	77.6¢	74.5¢
Employees, including social security taxes	15.4	15.5	17.4
Depreciation, maintenance and repairs	1.0	.8	.8
Federal, state and local taxes	3.8	3.5	4.1
Earnings	2.6	2.6	3.2
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

*Includes products, materials, services, rents, doubtful accounts, and in 1946 an addition to the reserve for obsolescence, and inventory valuation.

OUR LOCATIONS

Chicago, Illinois

President's Office 135 South LaSalle Street



Food Stores General Offices . . 3617 South Ashland Avenue

Food Stores Warehouses . . { 5000 South Kedzie Avenue
 { 3617 South Ashland Avenue

Retail Stores { 100 located in Chicago proper
 { 54 located in Chicago suburbs

Serving almost a million Chicagoland Homemakers

Barrington, Illinois

Corporate Offices Financial Vice President,
 Controller, Secretary, Treasurer
 and General Counsel



Home Service Routes . . . General Offices and Principal
 Manufacturing and Warehousing
 Center

New York City

Importing Office 99 Wall Street

Los Angeles, California

West Coast Plant and Warehouse . . . 6626 Tenth Avenue

In 43 States

77 branches supplying 1876 Home Service Route Salesmen
serving almost a million Homemakers.

1899

Commemorating
Half a Century of Service
to the American Homemaker

1949

Anniversary Section

Milestones



1899—In January, Frank Vernon Skiff operating a single wagon route, founded the business with a capital of \$700.

1901—Frank P. Ross joined F. V. Skiff as copartner of the Jewel Tea Company. They rented a store at 643 E. 43rd St., Chicago, and adopted the practice of advancing the premium with the first delivery of goods, and delivering every two weeks.

1903—Jewel Tea Company was incorporated with a capitalization of \$25,000 and additional routes were put in operation.

1905—A three-story building at May and Randolph Streets, Chicago, was leased for a packaging and warehousing center.

1906—Capitalization was increased to \$100,000. Machinery was installed in the leased plant and manufacturing begun with baking powder as the first product.



1908—The largest single lot of coffee ever brought into the country up to that time was imported by Jewel—1,600,000 lbs., requiring a train of 42 cars.

1909—The first manufacturing plant was built with complete coffee roasting equipment and machinery for the manufacturing and packaging of other Jewel Products, at Ada and Washington Streets, Chicago.



1910—Annual sales reached the million dollar mark for first time. Capitalization was increased to \$500,000.

1916—The present company, organized as a New York Corporation, was capitalized at \$16,000,000 with 40,000 shares of 7% preferred and 120,000 shares of common, both listed on the New York Stock Exchange.



Milestones



1917—Completion of Hoboken, N.J., manufacturing plant, at that time the finest and largest coffee roasting plant in the country.

1919—Indebtedness funded through issuance of \$3,500,000 in gold notes.

1920—\$1,000,000 of gold notes paid off while unprofitable branches were liquidated.

1922—Balance of the gold notes were paid off.

1924—A profit-sharing plan for the executive and supervisory force was created.

1925—Accrued preferred dividends which amounted to \$36.75 were reduced by \$7.00 per share and regular preferred dividends resumed.

1926—Motorization of all routes completed. Several horses and wagons retained in northern states to assure winter deliveries.



1927—Last of dividends in arrears on preferred stock were paid in full.

1928—40,000 additional shares of common stock sold through rights issued to shareholders. All preferred stock called for redemption. First dividends paid on common stock.

1929—A 75% stock dividend increased the outstanding common stock to 280,000 shares.

1930—A modern plant of the latest design was constructed at Barrington, Illinois. Headquarters and principal manufacturing activities transferred to this countryside location named Jewel Park.

1932—Jewel entered the retail food store field by purchasing from Loblaw Groceterias, Inc., a group of stores in the Chicago area.



Milestones



1936—Annual sales for the first time exceeded \$20,000,000.

1937—Warehouse building at 3617 S. Ashland, Chicago, was acquired for Food Stores office and warehousing center.

1938—Jewel Retirement Estates, a combined employee profit sharing, savings and retirement plan, was created by the board of directors.

1939—Retirement feature added to the profit-sharing plan for executive and supervisory force.

1940—A 100% stock dividend was declared on the common stock bringing the total outstanding to 560,000 shares.

1941—\$5,000,000 of 4¼% preferred stock was issued. A new Los Angeles plant began operation and new warehouses at Chicago and Barrington were started. Annual sales exceeded \$41 million.

1942—United States at War. Converted part of plant facilities at Barrington to war production.

1944—Designed and installed ration packaging plants at San Antonio, Texas and St. Joseph, Missouri for the Quartermaster Depot.

1946—A modernization program of both Food Stores and Home Service Routes was inaugurated.

1947—Modernization program continued. 4¼% preferred stock called for retirement and \$7,500,000 of 3¾% preferred stock issued. Twenty years of uninterrupted dividend payments on common stock were completed. Sales exceeded \$100,000,000.

1948—The best year in Jewel's history for customers, employees, suppliers, government and stockholders.



The Modern Food

PREPACKAGED FRUITS AND VEGETABLES

Washed and
trimmed ready
to place in the
home refrigerator. Glin-
seal and cello-
phane protect
cleanliness and
freshness.



FROZEN FOOD PRODUCTS

Attractively displayed in convenient, self-ser-
vice frozen food cabinets.



FRIENDLY JEWEL PEOPLE

Our greatest asset—furnishing the personality
which combines with modern equipment to make
shopping at Jewel a pleasant experience.



Store



CLEAN WHITE STORE FRONTS

The Jewel symbol of cleanliness, an innovation to shop in spotlessly white and clean food aisles.

PREPACKAGED MEATS

A recent dramatic development in the preparation of meats for America's dinner table.

All types of meat cut, weighed, priced and cellophane wrapped, provides self-service shopping with no waiting line.

SHELVING DESIGNED BY JEWEL

Grocery products from the markets of the world say "help yourself" from attractive shelves and island displays throughout each store.



The Modern Home



The premium method of merchandising will live as long as trade because it moves with the tides of the human heart.

—ELBERT HUBBARD

TRANSPORT TRUCKS

Modern transport trucks speed the flow of merchandise from branch distributing points to Jewel Home Service Routes.

BRANCH BUILDINGS

Specially designed buildings provide pleasant working conditions and efficient distributing facilities.



Service Route

FRIENDLY HOME SERVICE SALESMEN

The men who bring modern merchandise and old-fashioned friendly service to a million American kitchens.



HOME SERVICE ROUTE CARS

Postwar walk-in models with greater capacity enable Jewel salesmen to offer a broader line of merchandise to more customers, with less physical effort.



Notice of Annual Meeting
of Stockholders, Proxy, and
Proxy Statement will be
mailed on or about March
3, 1949 to common stock-
holders of record at the close
of business on March 1, 1949.

Financial Report

JEWEL TEA CO., INC.

FOR
THE FIFTY-TWO WEEKS ENDED JANUARY 1, 1949

Auditors' Report

February 4, 1949

TO THE BOARD OF DIRECTORS,
JEWEL TEA CO., INC.:

We have examined the balance sheet of Jewel Tea Co., Inc., as of January 1, 1949, and the related statements of income and accumulated earnings for the fifty-two weeks then ended. As in previous years, it was not practicable to confirm by direct communication the balances due from customers on the Home Service Routes constituting the bulk of the accounts receivable, but we satisfied ourselves by means of other auditing procedures. In other respects our examination was made in accordance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and accumulated earnings present fairly the financial position of Jewel Tea Co., Inc., at January 1, 1949, and the results of its operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Certified Public Accountants.

Financial

INCOME ACCOUNT

	52 Weeks Ended Jan. 1, 1949	53 Weeks Ended Jan. 3, 1948
Sales and Revenues:		
Retail sales	\$152,990,515	\$130,477,490
Wholesale and other sales	235,520	421,162
Interest and miscellaneous income	339,713	305,648
Total sales and revenues	153,565,748	131,204,300
Costs of Doing Business:		
Paid to or for the benefit of employees:		
Wages, salaries and bonuses	22,289,373	19,193,080
Social security taxes	337,448	347,574
Contribution to Jewel Retirement Estates	964,093	761,086
Total	23,590,914	20,301,740
Products, materials, services and rents	118,185,478	101,519,930
Depreciation	1,104,607	604,104
Maintenance and repairs	432,373	467,722
Doubtful accounts charged to operations..	377,054	317,658
Federal taxes on income	2,533,601	1,977,599
State, local and all other federal taxes	3,328,366	2,634,507
Total costs of doing business	149,552,393	127,823,260
Earnings	4,013,355	3,381,040
<i>Percent of earnings to sales and revenues..</i>	<i>2.6%</i>	<i>2.6%</i>
Dividends to Owners of the Business:		
Preferred shareholders	281,006	266,094
Common shareholders	1,763,833	1,677,166
Total dividends	2,044,839	1,943,260
Balance Transferred to Accumulated Earnings	\$ 1,968,516	\$ 1,437,780

The notes which follow on pages 12 to 14 give

Statements

BALANCE SHEET

ASSETS

	Jan. 1, 1949	Jan. 3, 1948
Current Assets:		
Cash	\$ 4,779,663	\$ 3,912,269
Marketable securities	3,754,161	3,227,211
Accounts receivable	2,793,994	2,273,385
Inventories	10,892,666	10,837,545
	<u>22,220,484</u>	<u>20,250,410</u>
Claims for Refund of Excess Profits Taxes	281,600	281,600
Deferred Charges:		
Premiums advanced to customers	1,322,102	1,230,147
Unexpired insurance, expense supplies, etc. ..	393,387	480,996
	<u>1,715,489</u>	<u>1,711,143</u>
Property, Plant and Equipment	8,103,790	6,009,800
Goodwill	1	1
	<u>\$32,321,364</u>	<u>\$28,252,954</u>

LIABILITIES

Current Liabilities:		
Accounts payable	\$ 4,088,410	\$ 3,583,299
Dividends payable	490,482	70,312
Federal, state and local taxes accrued	3,278,478	2,648,492
Accrued wages, salaries, bonuses, etc. ..	2,138,923	1,631,404
	<u>9,996,293</u>	<u>7,933,507</u>
Reserves:		
Obsolescence, and inventory valuation.....	750,000	750,000
Automobile accident and other self-insured losses	250,000	250,000
	<u>1,000,000</u>	<u>1,000,000</u>
Capital Stock and Accumulated Earnings:		
Preferred stock	7,500,000	7,500,000
Common stock	5,987,253	5,963,684
Accumulated earnings	7,857,184	5,883,706
	<u>21,344,437</u>	<u>19,347,390</u>
Less stock in treasury	19,366	27,943
	<u>21,325,071</u>	<u>19,319,447</u>
	<u>\$32,321,364</u>	<u>\$28,252,954</u>

additional information about the financial statements.

ACCUMULATED EARNINGS

Balance, January 3, 1948	\$ 5,883,706
Add:	
Earnings from income account, less dividends	1,968,516
Adjustments on sale of common treasury stock	4,962
Balance, January 1, 1949	<u>\$ 7,857,184</u>

The notes below and on pages 13 and 14 give additional
information about the financial statements.

INFORMATION ABOUT THE FINANCIAL STATEMENTS

MARKETABLE SECURITIES

	Jan. 1, 1949	Jan. 3, 1948
U. S. Government obligations	\$ 3,726,489	\$ 3,201,779
Railroad bonds	27,672	25,432
Total—valued individually at the lower of cost or market, plus interest	<u>\$ 3,754,161</u>	<u>\$ 3,227,211</u>

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Items on the balance sheet have been reduced by an allowance for doubtful accounts as follows:

	Jan. 1, 1949	Jan. 3, 1948
Accounts receivable	\$ 161,914	\$ 95,908
Premiums advanced to customers	<u>50,867</u>	<u>54,312</u>

INVENTORIES

Consistent with the practice of previous years, inventories were valued at the lower of cost or market. Cost was determined by the general principle of "first-in, first-out," except that for green coffees and unpackaged teas, cost was determined by actual lots. These inventories consist of:

INFORMATION ABOUT THE FINANCIAL STATEMENTS

	Jan. 1, 1949	Jan. 3, 1948
Raw materials	\$ 2,163,753	\$ 1,829,104
Finished merchandise	8,728,913	9,008,441
	<u>\$10,892,666</u>	<u>\$10,837,545</u>

CLAIMS FOR REFUND OF EXCESS PROFITS TAXES

The Internal Revenue Code includes provisions under which refunds of excess profits taxes may be made. The sum of \$281,600 shown on the balance sheet represents the refund originally claimed under Section 710 of the code. Additional amounts have also been claimed under Section 722, which provides for refunds of excess profits taxes where certain growth conditions were present.

The above claims have been reviewed by the Chicago office of the Internal Revenue Service, and an agreement has been reached which would return to the company a sum in excess of \$281,600. Since this agreement at the local level must be reviewed and approved in Washington, any additional amounts recoverable have not been reflected in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

	Jan. 1, 1949	Jan. 3, 1948
Cost:		
Land	\$ 699,441	\$ 705,181
Buildings	3,741,437	3,052,291
Machinery, furniture and fixtures, at plants..	1,283,891	1,150,995
Automobiles and other branch and store equip- ment	6,831,250	5,049,985
Total assets—at cost	<u>12,556,019</u>	<u>9,958,452</u>
Allowance for depreciation:		
Buildings	1,356,172	1,214,952
Machinery, furniture and fixtures, at plants...	729,036	682,528
Automobiles and other branch and store equip- ment	2,367,021	2,051,172
Total depreciation	<u>4,452,229</u>	<u>3,948,652</u>
Book value of property, plant and equipment....	<u>\$ 8,103,790</u>	<u>\$ 6,009,800</u>

It is company policy to acquire the use of store and branch properties under lease agreements, presently 220 in number. However, in order to continue operations in certain areas the company recently constructed seven

INFORMATION ABOUT THE FINANCIAL STATEMENTS

buildings. During the year one-sixth of their construction costs, amounting to \$57,718, was written off. A similar charge in two subsequent years, coupled with depreciation charges under established policy would reduce the carrying value of these buildings to their estimated residual value in ten years, the estimated economic life based on the usual leasehold terms.

PREFERRED STOCK—STOCK IN TREASURY

Preferred stock is 3¾% cumulative \$100 par value, and 75,000 shares have been authorized and issued. The preferred stock may be redeemed in whole or in part on 30 days notice at \$106.50 per share until June 30, 1950, and thereafter at a 50¢ per share reduction in price each July 1, until July 1, 1956, on and after which the price is \$103 per share, in each case plus accrued dividends.

The company must acquire on or before each June 30, commencing in 1950, at least 1,500 shares in connection with sinking fund requirements of the issue. Sinking fund redemption price is \$104.75 per share to June 30, 1950, and decreases 25¢ per share per annum to \$103 per share after June 30, 1956, in each case plus accrued dividends.

There were 175 shares of preferred stock in the treasury on January 1, 1949, valued at acquisition cost of \$15,848.

COMMON STOCK—STOCK IN TREASURY

Common stock of no par value consists of 900,000 authorized shares. At January 1, 1949 there were 560,552 shares issued of which 552 shares were issued to employees in 1948 under terms of the company's employee stock purchase plan. The proceeds of \$23,569 have been credited to the common stock account. 2,446 shares were contracted for at January 1, 1949.

Common stock in the treasury (98 shares), valued at acquisition cost of \$3,518, is all contracted for by employees.

ACCUMULATED EARNINGS

Includes \$53,118 arising from sale and distribution of common stock to employees from January 4, 1942, to January 1, 1949. Under the terms of the preferred stock provisions of the certificate of incorporation, \$5,434,538 is available for cash dividends on common stock.

CONTINGENT LIABILITY—JEWEL EMPLOYEES' SURETY DEPOSITS

Certain employees of the company make cash deposits as security for their handling of company property. These surety deposits are kept in a separate employees' trust fund, of which the company is trustee. Principal, and interest at the rate of 2% per annum, are guaranteed by the company. The assets of the employees' trust fund on January 1, 1949, consisted of investments (valued at lower of cost or market) and cash totaling \$256,446 which covered in full the liability for employees' surety deposits. Neither the assets nor liabilities of the employees' trust fund are included in the balance sheet.

TEN YEAR REVIEW

JEWEL TEA CO., INC.

OPERATING PROGRESS

Year	Retail Sales	Payments to or for Employees	Taxes Paid	Per Share of Common Stock	
				Net Earnings	Dividends
1939	\$ 24,649,052	\$ 5,776,771	\$ 940,619	\$2.83	\$3.00
1940	29,089,863	6,179,988	1,232,662	2.82	2.40
1941	41,541,405	7,585,286	2,174,337	2.60	2.40
1942	53,077,779	8,773,444	2,238,733	2.03	1.80
1943	52,212,105	9,371,233	1,416,182	1.69	1.15
1944	56,899,845	10,544,661	2,508,641	2.12	1.40
1945	63,364,000	11,846,044	3,381,001	2.33	1.50
1946	88,237,518	15,455,305	3,644,382	4.72	2.75
1947	130,477,490	20,301,740	4,612,106	5.58	3.00
1948	152,990,515	23,590,914	5,861,967	6.66	3.15

In 1940 the number of Common Shares were doubled by a 100% stock dividend. Per share figures for 1939 are converted to a 560,000 share basis.

FINANCIAL GROWTH

At Year End	Working Capital	Property, Plant and Equipment	Earnings Reinvested in the Business	Total Assets
1939	\$ 4,680,060	\$2,547,016	\$2,693,101	\$10,048,473
1940	4,349,799	2,875,499	2,984,451	10,697,025
1941	8,482,145	4,098,007	2,394,903	16,478,214
1942	8,703,936	4,133,221	2,494,387	16,504,033
1943	9,310,997	3,606,478	2,810,398	16,668,472
1944	9,950,699	3,235,274	3,226,590	18,119,350
1945	10,477,657	3,170,386	3,701,801	19,882,034
1946	10,584,128	3,965,473	4,815,732	22,975,700
1947	12,316,903	6,009,800	5,883,706	28,252,954
1948	12,224,191	8,103,790	7,857,184	32,321,364

A Story: GROWTH OF

From Postwar 1920

FROM THE INVESTOR'S STANDPOINT

In 1920 a man bought 100 shares of Jewel Tea Co., Inc., common stock at \$5 per share—total cost.....	\$ 500
In 1928 he received rights to buy additional shares. He sold these rights, at the average market price, for.....	\$ 1,650
In 1929 he received a 75% stock dividend, increasing his original 100 shares to.....	175 shares
In 1940 he received another stock dividend, of 100%, which increased his number of shares to.....	350 shares
On December 31, 1948, his 350 shares were worth on the market \$45 per share or a total of.....	\$15,750
During the 28 years since his original purchase he received on his Jewel stock cash dividends totaling.....	\$16,161
Thus the return from his original investment of \$500, and the increase in its market value, totaled.....	\$33,061

FROM THE CUSTOMER'S STANDPOINT

During this 28-year period Jewel has grown to a business operating 1,876 Routes and 154 Self-Service Food Stores serving approximately 2,000,000 consumers with a total of \$153,000,000 of merchandise.

Over this period, through modern merchandising methods, increased efficiency, and growth of volume, the amount Jewel now retains from the customer's dollar to cover operating expenses and profit is less than half of the amount retained in 1920.

THE JEWEL BUSINESS

To Postwar 1948

FROM THE EMPLOYEE'S STANDPOINT

In 1920 Jewel employed 3,419 people. In 1948 it employed 5,715 people. In this same 28-year period, wages and salaries totaled more than \$175,000,000. In addition there have been added from time to time employee benefits in the form of life insurance protection, sick compensation, vacations with pay, special awards and bonuses, and a profit sharing-retirement-savings plan. In 1948 alone, these employee benefits totaled more than \$3,000,000.

* * *

This is an example, typical of our American enterprise system, of how a growing business provides better and more secure jobs for more and more people; improves the standard of living of its customers; profitably employs the savings of its stockholders; provides a steadily increasing market for the farmer and producer, and gives them a larger share of the dollar spent by the consumer; carries its shares of the cost of federal, state and local government through tax payments (Jewel has paid taxes of \$38,000,000 in the past 28 years); creates jobs in the construction and capital goods industries; furnishes freight for railroads and truck lines; and contributes to the growth and stability of the country's economy.

TRANSFER AGENT

Manufacturers Trust Company, 55 Broad Street
New York 15, N. Y.

REGISTRAR

The Commercial National Bank and Trust Company of New York
46 Wall Street, New York 15, N. Y.

STOCK LISTING

No Par Common Stock and 3¾% Cumulative Preferred Stock
Listed on The New York Stock Exchange

AUDITORS

Touche, Niven, Bailey & Smart
Certified Public Accountants
208 South LaSalle Street, Chicago 4, Ill.

This report is submitted to the stockholders of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information required to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.



